

## Overview of Micro Enterprise in Welcoming Balesari Tourist Village “Java Kilometer Zero”

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### ABSTRACT

Micro Enterprise is one of the pillars of the rural economy to create welfare of the society, based on people's economy especially the Balesari Village Windusari Sub-District Magelang Regency. This research used a case study method with analysis unit of microenterprise of oyster mushroom cultivation and snacks in Balesari Village, data were collected by interview. The result indicated that micro-enterprises already had a powerful marketing network, and had the main customers. However, micro enterprise of oyster mushroom cultivation and snacks in Balesari Village had constraints in expanding the business due to lack of information about financial institutions providing loans with low interest rate.

**Keywords:** Micro-enterprise, Problem, Overview.

### ABSTRAK

*Usaha Mikro adalah salah satu pilar ekonomi pedesaan untuk menciptakan kesejahteraan masyarakat, khususnya Desa Balesari Kecamatan Windusari Kabupaten Magelang. Penelitian ini menggunakan metode studi kasus dengan unit analisis usaha mikro budidaya jamur tiram dan makanan ringan di Desa Balesari, data dikumpulkan melalui wawancara. Hasil penelitian menunjukkan bahwa usaha mikro sudah memiliki jaringan pemasaran yang kuat, dan memiliki pelanggan utama. Namun, usaha mikro budidaya jamur tiram dan makanan ringan di Desa Balesari memiliki kendala dalam memperluas bisnis karena kurangnya informasi tentang lembaga keuangan yang memberikan pinjaman dengan suku bunga rendah.*

**Kata Kunci:** Usaha Mikro, Masalah, Ikhtisar.

### INTRODUCTION

Small and medium enterprises (SMEs) are one of the priorities in the development of national economy. This is because when the crisis occurred in 1998, SME was relatively more able to survive than large companies because small-scale business was not affected by the amount of exchange rate (Supriyanto, 2006). SME as the backbone of the people's economic system (population of dominant business actors) is able to reduce poverty problems and contributes significantly in improving the regional economy and national economy resilience (Kurniawan, 2011 in Duti and Ayu 2013). SME is also the support of the nation's economy. According to Nuhung (2012), entrepreneurship of SME plays an important role in reducing unemployment, reducing poverty, providing jobs, improving welfare and building nation character.

Micro, small and medium enterprises are regulated based on Law No. 20 of 2008 on micro, small and medium enterprises. The following is an excerpt from the content of Law 20/2008 on micro enterprise: (i) micro enterprise is a productive business owned by individual and or individual business entity fulfilling the criteria of micro business as regulated in this Law; (ii) micro business have assets (excluding land and buildings) of less than IDR 50 million and annual sales of less than IDR

300 million. Asian Development Bank defines micro enterprise as non-farm businesses that employ fewer than 10 people including business owner and family members. While USAID defines micro enterprise as a business activity that employs a maximum of 10 employees including unpaid family members. Sometimes, it involves only one person, namely the owner who is also a worker. In micro enterprise, ownership of assets and income is limited.

The research conducted by Nurlaela (2015) states that to achieve a successful business performance, the business man must maintain business records, financial management, credit management of both payments and billing of financial statement. Through the preparation of good financial management, SME will have a good performance. Further, the research conducted by Ferry Duwi Kurniawan and Fauziah (2014) asserts that there are supporting and inhibiting factors in the empowerment of SME. The supporting factors of SME empowerment in Waru Rejo Hamlet, Kejapanan Village, Gempol Sub-District, Pasuruan Regency are abundant human resource, easy to find and inexpensive raw materials, low business capital, support from the village apparatus, smooth supply of raw materials from suppliers, and the agreement of selling price of production between members of business group named Paguyuban Kembang Waru. Meanwhile, the inhibiting factors include lack or damaged infrastructure, lack of government assistance, unavailability of waste disposal and the absence of marketing center for the production.

Then, the research conducted by Abid (2012) states that there are three important factors for improving competitiveness related to productivity where the success key is cost reduction. These three factors are innovation and improvement of technology, the development of utilization of communication and information technology, and cooperation network for widespread market development (Supriatna and Aminah, 2014). Another important things beyond these three factors are energetic SME cluster from upstream and downstream activities, or between core activities (main) and supporting activities, provision of raw materials and marketing outlets, so as to accelerate the business dynamics within the cluster, including interaction with existing large businesses in the region or related regions.

Furthermore, the research of Gunadi and Putra (2016) states that in order to improve the quality and production capacity of small enterprise of processed oyster mushroom in Kelurahan Sumerta Kelod Denpasar, it can be performed through training and management assistance on bookkeeping covering budget preparation and cost realization, inventory recording, preparation of production plan, calculation of cost of goods sold, recording of raw material purchases, payment of labor wages, preparation of profit and loss statement and simple financial position.

Further, the research conducted by Basanta (2012) states that the prospect of mushroom business is very profitable, bread is marketed through stores, wholesalers, and retailers. In terms of production, bread business is still experiencing many constraints, such as high price of seeds, the presence of pests (flies and cockroaches) and high temperatures.

The problems faced by SME actor were: (1) weak in gaining market opportunities and enlarging market share, (2) weak in capital structure and limitations to obtain adequate capital resources, (3) weak in the field of organization and human resource management, (4) limitations of cooperation network among small entrepreneurs (marketing information system), (5) non-conducive business climate due to tight competition, (6) the development that has been performed is not integrated, and lacks of trust and public awareness of small enterprise (Kuncoro, 2009).

Table 1. SME Criteria Based on Net Worth and Annual Sales Result

| Business Size     | Criteria                   |                             |
|-------------------|----------------------------|-----------------------------|
|                   | Net Worth                  | Annual Sales Result         |
| Micro Enterprise  | Max 50 million             | Max 300 million             |
| Small Enterprise  | > 50 million – 500 million | > 300 million – 2.5 billion |
| Medium Enterprise | > 500 million – 10 billion | > 2.5 billion – 50 billion  |

Source: Law Number 20 of 2008

The development of Indonesia's SME sector is a top priority of the government in creating jobs and economic growth. However, SME segment focuses more on micro enterprise than on SME (IFC,

2016). The micro enterprise segment has a maximum asset of IDR 50,000,000.- with a maximum turnover of IDR 300,000,000.- (Table 1). The empowerment of micro enterprise in the midst of free trade flow has made it possible to face challenges such as by improving product and service innovation, human resource and technology development, and expansion of marketing area (Sudaryanto, 2011; Setyanto *et al.*, 2015).

Balesari Village, Windusari Sub-District, Magelang Regency is a tourist village built by Tidar University with all its potentials. Balesari Village is located on the slope of Mount Sumbing which has beautiful natural scenery with cool air. The development of Balesari tourist village will be better when the community of Balesari Village begin to develop themselves by running people's economic system through micro enterprise. With the development of micro enterprise, it will improve the welfare of village communities directly without going through regulations.

The problem is the lack of micro enterprise development in Balesari Village that will soon be inaugurated as a tourist village. The establishment of tourist village is not the only reason, the other reason is because micro enterprise already has qualified competitors given that the ASEAN economic community is running.

## ANALYTICAL METHOD

Information about micro enterprises in Balesari Village was obtained through data collection technique in the form of case study. This research was carried out in a particular object, where the result of research only applied to the object under study and did not apply to other objects. The research used observation and interview method to micro enterprise in Balesari village Windusari sub-district Magelang regency, especially the owner of oyster mushroom cultivation and the owner of snack business. This research was conducted on December 29, 2016 to January 9, 2017 in Balesari Village Windusari Sub-District Magelang Regency.

## RESULT

Balesari Village is one of the villages in Windusari Magelang Regency Central Java Province. Balesari village is located on the slope of Mount Sumbing, it has an area of 61.65 km<sup>2</sup>, with a height of approximately 663 – 1348 masl. The area is bordered by Secang sub-district in the north, Temanggung Regency in the west, Bandongan sub-district in the south, and Secang sub-district and Magelang city in the east.

In relation to clean water supply, most people take the water directly from springs that are relatively far away, some people use PDAM water. Almost all households have used electricity, either from PLN or combined with neighbors. The livelihood of the population is largely dependent on the agricultural sector, especially rice, palawija, horticulture, chili and tobacco. Potential tourism owned or located in the vicinity of Balesari village includes Mount Giyanti, Mount Sumbing, Selogriyo Temple, Batur Temple, Khaul Simbah Rohmat, and Kuda Lumping.

Balesari Village has more than 20 micro enterprises, this indicates that Balesari village has high spirit in creating entrepreneurship culture. In this article, the researcher focuses on 2 micro enterprises, namely oyster mushroom cultivation and snack micro enterprises.

## DISCUSSION

### Micro Enterprise of Oyster Mushroom Cultivation Business Overview

The owners of micro enterprise of oyster mushroom cultivation in Balesari Village Windusari Sub-District as the resource persons have been in the business of oyster mushroom cultivation for about 3 years. They started this business by becoming employees at oyster mushroom cultivation site which belonged to their friend. Because the business was not developed, eventually they made the oyster mushroom cultivation by themselves by utilizing the backyard. They started the business using capital borrowed from the bank. The processes of growing oyster mushroom are as follows:

- (1) Sawdust is selected and cleaned, large and sharp parts are removed because they can damage the plastic substrate.

- (2) The existing materials are mixed according to the dosage composition, stir it until evenly distributed, mix well avoid any lumps. The materials mixed to produce 100 logs are 10.5 kg sawdust, 21 kg fine bran, 1 kg limestone, and water.
- (3) The mixture of materials is inserted into transparent plastic with size of 20 x 35 cm and thickness of 0.3 cm, the medium must be compacted to form a good log. Good medium has uniform density. The lower end of plastic is stabbed using index finger to insert the mushroom. This is performed, so that the inserted and compacted materials can sit in position (not tilted). Leave 15 cm when filling the mushroom to make it easier to bind.
- (4) Each log is weighted as much as 1.2 kg.
- (5) The remaining plastic end is inserted into the ring and is folded out, then the plastic end is tied with heat-resistant rubber.
- (6) Close the log "mouth" with cotton and then close again with paper, after that tie it with rubber.
- (7) Put log medium in the oven for 10 hours with a temperature of 100 degrees celcius.
- (8) After the completion of heating process in the oven, it is moved to the incubation room. The log medium is filled with mushroom seed in the incubation process. a bottle of seed can be used for 30-40 logs. After the logs are filled with seeds for approximately 1 month, it will appear the root of mushrooms. The logs are moved to the growing chamber after the roots of mushrooms grow evenly in the logs. The logs should be placed in a humid temperature in the chamber, so that the mushrooms can grow to the maximum. 1 log of growing mushrooms can produce 2-3 ounces for approximately 1 month.
- (9) The mushroom can be harvested when the cap extends.

Building for storing logs can be made permanent or semi-permanent for large-scale oyster mushroom cultivation. Logs are stored on the shelf in upright or tilted position. The storage distance is arranged in such a way, so that the growing mushroom does not overlap with other mushrooms.

Oyster mushrooms have good taste and smell when they are harvested at young age. Harvesting is carried out when the mushroom reaches the maximum size in 2-3 days after it grows. Mushroom picking should be carried out from the volva (base) because the remaining part may be decayed. Cut the mushrooms with a clean and sharp knife, then store them in a plastic container with a stack height of 15 cm. Harvesting is carried out every day or every few days, depending on the distance of the logs opening. One log will produce about 0.8-1 kg of mushrooms.

### **Factors Causing Failure**

There are several factors causing failure in oyster mushroom cultivation of the resource persons, including:

- (1) Poor or inferior seeds
- (2) Contamination and pests attack
- (3) At the time in Kumbung (Mushroom House), there could be an attack from certain bacteria, caterpillar, small snails, etc. This is not due to immature baglog on the sterilization process, but the kumbung condition is unclean and the location of baglog storage is close to the river, rice field and humid climate.
- (4) Poor air circulation and light
- (5) The Kumbung (Mushroom House) with poor air circulation affected the harvest result. The high number of baglogs which was too dense in kumbung made the air circulation to be poor, the produced mushrooms were not good in quantity.
- (6) Excessive water content in baglog
- (7) The water content in the baglog should be in proportion, excessive water content may trigger contaminants, so that eventually the baglog will fail to grow oyster mushrooms.

### **Constraints Faced by Micro Enterprise of Oyster Mushroom Cultivation**

The resource persons have a wide marketing network (there is high demand from restaurant and buyers). However, the resource persons have not been able to meet the needs of oyster mushroom

due to capital problems. Financial loan network of micro enterprise with low interest rate has not been informed to Balesari Village community.

The constraints are (1) during Eid Fitri holidays, the marketing of baglog and oyster mushroom was completely dead. As a result, the resource persons gave the oyster mushrooms to the surrounding community. (2) There has never been any training from local government related to micro enterprise. The training held was a personal initiative of entrepreneurs.

### **Micro Enterprise of Mushroom Cultivation Business Overview**

The owners of micro enterprise of snack in Balesari Village Windusari Sub-District as the resource persons have been in the business for about 10 years. Based on the background, the resource persons worked in the business because it was a hereditary business from his family. Currently, the resource person already had 2 employees to help his business. Wages for employees were given daily depending on the amount of snacks produced, they earned a wage of IDR 8,000.- per kg of snacks. The initial business capital came from personal capital.

In terms of snack marketing, the resource persons had regular subscribers from souvenir shops in Magelang, salesmen of snack, and nearby markets. Snacks were usually purchased by salesmen three times a week. Snack was sold at IDR 40,000.- per kg.

### **Strength, Weakness, Opportunity, and Threat of Snack Micro Enterprise**

#### **(1) Strength:**

- (a) Business actor has a qualified and competitive product
- (b) Raw materials are easy to find.
- (c) In term of marketing, the salesmen are proactive by coming to the business location directly.

#### **(2) Weakness:**

- (a) This snack product has many competitors.
- (b) Limitation in the number of products marketed.
- (c) Unattractive product packaging

#### **(3) Opportunity:**

- (a) It can be a typical food in Magelang Regency, especially in Balesari Village, Windusari Sub-District.

#### **(4) Threat:**

- (a) Support processing tools is still simple.
- (b) It can not compete with food products that have reputable brands.

### **The Obstacle Faced by Micro Enterprise of Snack is Capital**

The resource persons have a wide marketing network (high demand from stores and salesmen), but they have not been able to meet the market needs. In addition to the capital problem, another problem in the development of this micro enterprise is because the business is a side business. Similar to oyster mushroom cultivation business, micro enterprise run by the resource persons also have difficulty in finding capital information with low interest rate to expand their business (increasing output of snack production). Another constraint is non-standard labeling, in the sense that there is no halal certificate from related party regarding the food standard.

There are many fundamental constraints. In addition to technical and financial obstacles, there are also social culture and psychological constraints, such as the view that rice is a superior food, while cake, corn, tubers are inferior foods.

### **CONCLUSION**

Micro enterprise of mushroom cultivation had several constraints, such as raw material constraint at the beginning of business, labor constraint during business process, low quality seed, pest, dense baglog resulting in poor air circulation, water content that was not in accordance with the dosage, the absence of training from the local government, capital constraint, and almost no buyers of oyster

mushroom production during led Fitr holidays. The constraints on micro enterprise of snack were limited capital information with low interest rate since the information has not been informed to the entrepreneurs.

The presence of FEDEP in Magelang Regency will be able to embrace SME at the village or hamlet level through various trainings, such as training to increase product innovation or attractive marketing creativity to obtain verification of halal food or similar certificate from BPOM and or related department, and provide information on loans at financial institutions with low interest rate, and accomodate the problems as well as provide solutions to SMEs who have various problems, such as marketing.

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